

# SECTION 2

## BUILDING A STRONG FOUNDATION

SPONSOR AND LEADER | RESOURCE GUIDE FOR UBTs

**LMP** LABOR MANAGEMENT  
PARTNERSHIP





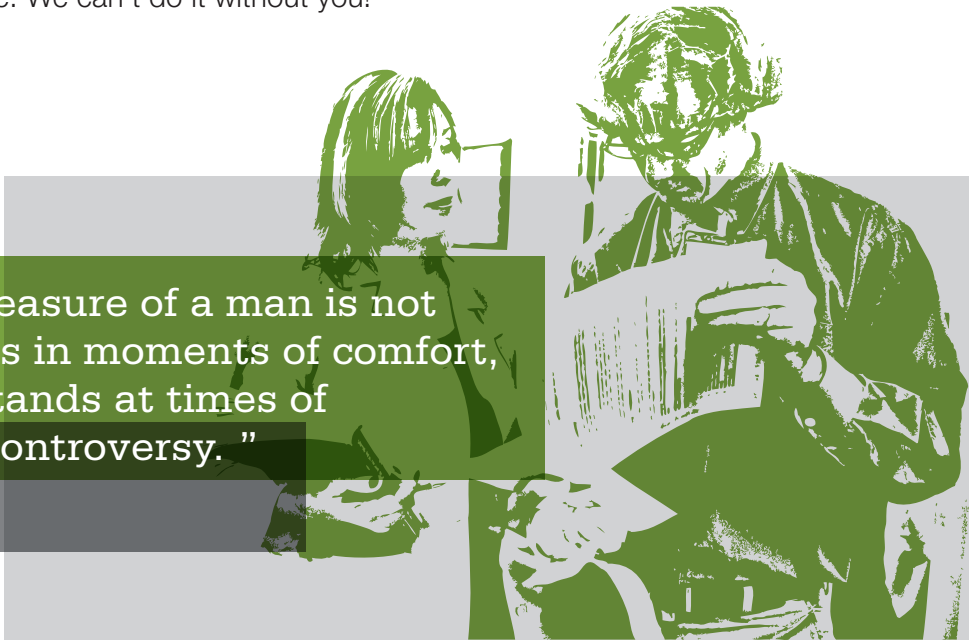
# BUILDING A STRONG FOUNDATION

## Introduction

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Kaiser Permanente is a large, complex organization. It is helpful to understand the basic structure and how the various entities relate to each other, as well as the historical context. These things explain how we became what we are today. And now, given the particular challenges we face, it is equally important to understand why and how we must transform in order to sustain our mission and values into the future.

This section contains information on the history and structure of Kaiser Permanente; the Case for Change—which explains the current threats to our mission; the Value Compass—our guide to improving organizational performance; unit-based teams—our platform for organizational improvement; and Partnership—the way Kaiser does business. This information will provide you with a strong foundation as you build your sponsorship skills to lead unit-based teams to success. Our members/patients, our communities and our entire organization look to UBT sponsors to create an environment where teams thrive, generate results and we transform into what we need to become. We can't do it without you!



**“The ultimate measure of a man is not where he stands in moments of comfort, but where he stands at times of challenge and controversy.”**

Martin Luther King, Jr.

## Our Collective Structure

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### What is Kaiser Permanente?

At Kaiser Permanente, the way we deliver health care is different. We're a health plan, a hospital system and a medical group, all working together—making it easier for us to give our members high-quality, coordinated and affordable care that's convenient.

Kaiser Permanente (KP) is America's leading health care provider and not-for-profit health plan. The Kaiser Foundation Health Plan, Inc. (KFHP) and its regional operating organizations, Kaiser Foundation Hospitals and the Permanente Medical Groups (PMG) are joined by the Coalition of Kaiser Permanente Unions (CKPU), which represents more than 95,000 coalition union employees.

As a health plan, hospital system and medical group all working together, Kaiser Permanente is able to deliver high-quality, coordinated and affordable care to members and patients.

KP currently serves 8.6 million members in nine states and the District of Columbia. Kaiser Permanente has 167,000 employees, including 40,400 nurses, 14,600 physicians, 35 medical centers and 431 medical offices. In 2008, annual operating revenues were approximately \$40.3 billion.

### Our Three Constituencies:

#### 1. COALITION OF KAISER PERMANENTE UNIONS

Today, the Partnership covers 95,000 employees (about 80 percent of all union-represented employees at KP) in six international unions with 29 locals who comprise the **Coalition of Kaiser Permanente Unions (CKPU)**. The Coalition of KP Unions bargains collectively with KP.

The combined non-KP membership of these international unions exceeds 6 million members. It is important to understand that most of our partnership unions work with other employers in addition to Kaiser Permanente. Also, each international and each local union has its own unique internal structures, adopted by-laws and collective bargaining agreements they negotiate and enforce with multiple employers.

COALITION OF  
KAISER PERMANENTE  
**UNIONS**

CKPU staff report to the executive director of the CKPU who in turn is directly responsible to a Board of Directors that is composed of prominent national union leaders. The executive director also serves as the labor representative for the Labor Management Partnership.

## 2. THE PERMANENTE MEDICAL GROUPS

**THE PERMANENTE FEDERATION, LLC**

**Permanente Medical Groups (PMG)** are physician-owned organizations that provide and arrange for medical care for Kaiser Foundation Health Plan members (or Group Health of the Puget Sound in Seattle) in each respective region through exclusive contracts. Kaiser cannot contract with anyone else to provide medical care and Permanente cannot contract with any other health plan/provider organization.

The medical groups are for-profit partnerships or professional corporations. Each Permanente Medical Group contracts with the Health Plan to be paid a fixed amount per member, per month, from the membership dues the Health Plan collects. The first medical group, The Permanente Medical Group, was formed in 1948 in Northern California.

Each medical group is autonomous from the others and has its own board of directors. They do not report to a central governing body or entity. The medical director for each PMG is elected by the medical group and not appointed by the board.

**The Permanente Federation, LLC**, was formed in January 1997. It exists to help medical groups work collaboratively to provide high-quality, affordable health care services through enabling ongoing, organizational transformation. The Permanente Federation works in partnership with Kaiser Foundation Health Plan and the Coalition of Kaiser Permanente Unions on program-wide initiatives.

The Federation reports to the Permanente Medical Groups and is governed by a five-person Executive Committee composed of four Executive Medical directors (from four regions) and the Federation's Executive Director.

## 3. KAISER FOUNDATION HEALTH PLAN AND HOSPITALS

 **KAISER PERMANENTE®**

**The Kaiser Foundation Health Plans (KFHP)** are non-profit, public benefit corporations that contract with Kaiser Foundation Hospitals and medical groups to provide services. In regions that are

# National Agreement

KAISER PERMANENTE  
THE COALITION OF  
KAISER PERMANENTE UNIONS

October 1, 2005

**The 2005 National Agreement expires in September 2010, at which time a new partnership agreement will be negotiated.**

A summary of the 2005 National Agreement can be found at: [www.LMPPartnership.org/contracts/agreements/docs/2005\\_national\\_agreement\\_summary.pdf](http://www.LMPPartnership.org/contracts/agreements/docs/2005_national_agreement_summary.pdf).

not hospital-based, they may contract with non-Kaiser hospitals. The Health Plans are the health insurance component of the organization and are therefore the income-producing arm of Kaiser Permanente. Each region has its own health plan company.

**Kaiser Foundation Hospitals (KFH)** is a non-profit, public benefit corporation that owns and operates community hospitals in three states: California, Oregon and Hawaii. The corporation owns outpatient facilities in all KP regions; provides or arranges hospital services; and sponsors charitable, educational and research activities.

Kaiser Foundation Health Plan and Hospitals has a single board of directors that is the ultimate governing body. The current chairman of the board and chief executive officer of Kaiser Foundation Health Plan and Hospitals is George C. Halvorson. Each region is headed by a regional president who reports to a member of the national leadership team, headed by Mr. Halvorson.

## Labor Management Partnership

Kaiser Permanente and the Coalition of Kaiser Permanente Unions created the **Labor Management Partnership (LMP)** in 1997 as a way to transform the relationship between unions and the organization—in essence, returning to the cooperative spirit between the company and its union employees that existed at the company's founding.

The Partnership is an operational strategy for engaging physicians, managers and front-line workers in achieving high organizational performance results by involving employees and unions in decision making at every level.

The LMP is governed by the Labor Management Partnership Strategy Group, which is composed of the regional presidents, a subset of the KFHP/H National Leadership Team, representatives from the Permanente Medical Groups, the Permanente Federation, the **Office of Labor Management Partnership (OLMP)** and the Coalition of Kaiser Permanente Unions (CKPU).

## National Agreement

**The National Agreement (NA)** is a contractual agreement that outlines how our three constituencies will work together to make Kaiser Permanente a high-performing organization. The agreement



also addresses issues within the legal scope of representation, including wages and hours, working conditions and procedures to be used when parties differ in their interpretation of any of the provisions of the National Agreement. The current agreement, established in 2005, is the result of an interest-based bargaining process that involved more than 400 workers, physicians and managers.

The 2005 NA is considered to be a “living agreement,” which means that the provisions it covers can be discussed at any time.

## LMP Trust

**The Partnership Trust** was established to fund labor management administration and partnership activities and it pays for about 98 percent of the costs for Coalition staff. The Trust is overseen by the LMP Strategy Group.

Funding for the Trust comes from two sources: each Coalition Union employee defers \$.09 per hour of their wages—deposited into the Partnership trust—for a total of more than \$14 million annually; Kaiser Permanente contributes more than \$7.5 million to the Trust, along with some additional funding for positions that work directly with the Partnership. Contributions to the Partnership Trust from KP and Coalition Union members totaled more than \$22 million in 2008.

## Workforce Development Trusts

The Kaiser Permanente Workforce Development Program is funded by two trusts, each governed by a board composed of an equal number of union and management trustees:

The **SEIU UHW-West and Joint Employer Education Fund** offers educational and training opportunities to all SEIU members employed by Kaiser Permanente in California, Colorado, Oregon and Washington.

**The Ben Hudnall Memorial Trust**, named after a prominent Union Coalition negotiator and activist, provides workforce development services for all members of UFCW, OPEIU, UNAC/ UHCP-AFSCME, OFNHP-AFT, ILWU, IFPTE, USW, KPNAA, IBT, ONA (Ohio) and the ONA (Oregon).



### Three rules for human relations:

“Mutual acceptance, recognition and confidence in each other...

Honesty and integrity in our dealings together...

We must understand each other.”

Henry Kaiser,  
Kaiser Permanente founder

# Why Do We Need To Change?

## A Case for Change

Kaiser Permanente's historic mission and model of care—our unique system of high-quality, affordable care—has served our members and communities well for more than 60 years. But our mission is threatened by current economic realities, competitive pressures and health care public policy. It is time for change.

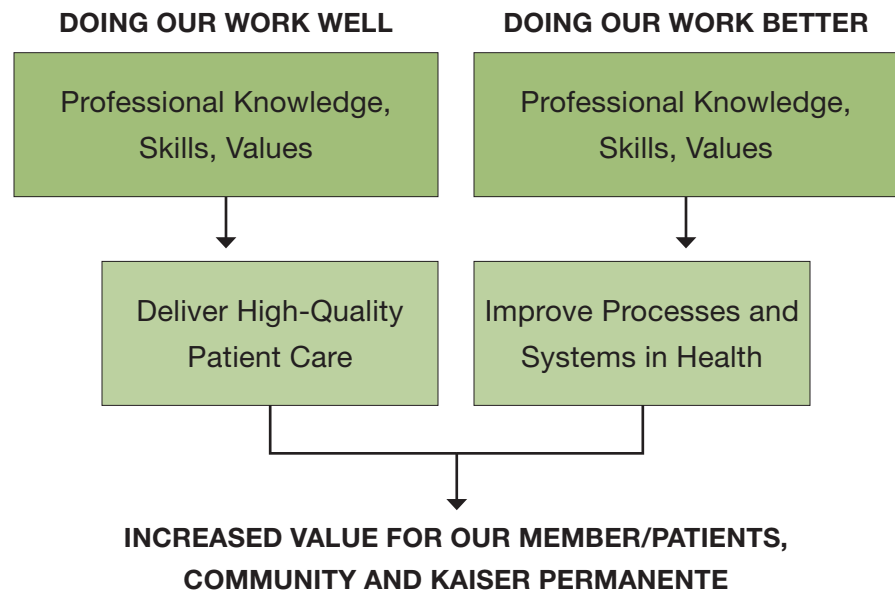
1.	<b>WE HAVE</b> a historic mission as our country's first and largest non-profit integrated health care delivery system founded by working people for working people.
2.	<b>WE FACE</b> unprecedented market threats, economic changes and public policy issues. Our mission is at risk.
3.	<b>WE'RE CHANGING</b> to meet these challenges—and that means every worker, manager and physician will think and work differently in their day-to-day jobs.

All of us, regardless of our role in the organization, are looking at how we need to work differently to provide the best quality, the best service, the most affordable care and become the best place to work—for ourselves, our members and the communities we serve.

Key Tip!

This means every day that we have two jobs: to **do our work well** and to figure out how to **do the work better**.

For more information, see [www.LMPartnership.org](http://www.LMPartnership.org)





 **TOOL: A Case for Change Activity—Stating Your Case**

Use this activity to think about what you will say to support the Case for Change at your workplace. This tool will help you use everyday workplace opportunities to communicate about transformation.

For each of the key points, write in your own words what the key message means. Then, practice stating what you would tell your UBT or co-leads about the Case for Change.

KEY MESSAGE	IN YOUR OWN WORDS, WHAT DO YOU THINK THIS MEANS?
<p><b>WE HAVE</b> a historic mission as our country’s first and largest non-profit integrated health care delivery system founded by working people for working people.</p>	
<p><b>WE FACE</b> unprecedented market threats, economic changes and public policy issues. Our mission is at risk.</p>	
<p><b>WE’RE CHANGING</b> to meet these challenges—and that means every worker, manager and physician will think and work differently in their day-to-day jobs.</p>	

**For the last key point, what will this look like at your workplace?**

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## What Direction Will We Take?



### The KP Value Compass—A Tool to Guide Your Decisions

The **Value Compass** sets the direction for improving organizational performance with a focus on the health plan member/patient. The points on the compass make Kaiser Permanente’s path to success clear.

As an organization, and in our unit-based teams, we must:	
[ ✓ ]	Put the health plan member/patient at the center of every decision
[ ✓ ]	Set the standard for customer service
[ ✓ ]	Give unrivaled quality care
[ ✓ ]	Create the best place to work
[ ✓ ]	Provide affordable coverage

“Accountability and performance are not driven by managers, they’re driven by our commitment to care for people.”

John Guffey,  
Pharmacy Manager, NW



## Points of the Value Compass





## TOOL: KP Value Compass Activity



Use this activity to determine how well your teams are doing based on the points on the Value Compass and to identify key areas that require improvement.

### How to Use

1. Review the Value Compass with your co-leads. Explain the key points on the Compass and discuss what they mean if your co-leads are not familiar with them.
2. Ask your co-leads to write down answers to the questions below.
3. Discuss the answers with your co-leads to identify opportunities for performance improvement and begin planning priorities for their UBTs.

You may download copies of the Value Compass at the LMP website:

[www.LMPartnership.org/transforming/value\\_compass.html](http://www.LMPartnership.org/transforming/value_compass.html)

**1. How is your work unit performing in each of the points on the Compass?**

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**2. What results do you want to achieve in each of these areas?**

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**3. What can your UBT do to achieve those results and be more patient- and member-focused?**

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## How Will We Make The Change?

### Partnership—The Way Kaiser Permanente Does Business

#### WHAT PARTNERSHIP MEANS

Today, we are challenged by cost and competition as never before. We can and must transform Kaiser Permanente, so we can lead the nation toward the transformation of health care itself. One way we are changing is through our Labor Management Partnership, which offers us a model for patient-centered care delivered through unit-based teams (UBTs).

#### Change must occur at every level to move the whole.

The transformation of KP into a high-performing, market-leading organization focused on the needs of our members and patients is possible only with the involvement, influence, accountability and day-to-day work of all.

#### KEY CHARACTERISTICS OF HIGHEST-RATED PARTNERSHIPS

- » **Trust**
- » **Plan Together**
- » **Role Clarity**
- » **Mutual Goals**

Through UBTs operating in partnership, employees throughout the organization have the opportunity to make decisions and take actions to improve performance and better address member and patient needs.



#### Key Tip!

**Unit-based teams** enable fuller integration at the work unit when frontline workers, managers, physicians—individuals with different job functions and experience—work collaboratively to solve problems.



“In times of change, trust-building behaviors are positively related to an organization’s capacity for change. Conversely, trust-breaking behaviors are associated with a decrease in capacity for change.”

Margaret M. Rudolf, PhD, consultant



### Key Tip!

Our goal is to elevate member/patient care from being a matter of individual effort to making it the basis for team decision making and performance improvement.

## UBTs—The Platform for Transformation

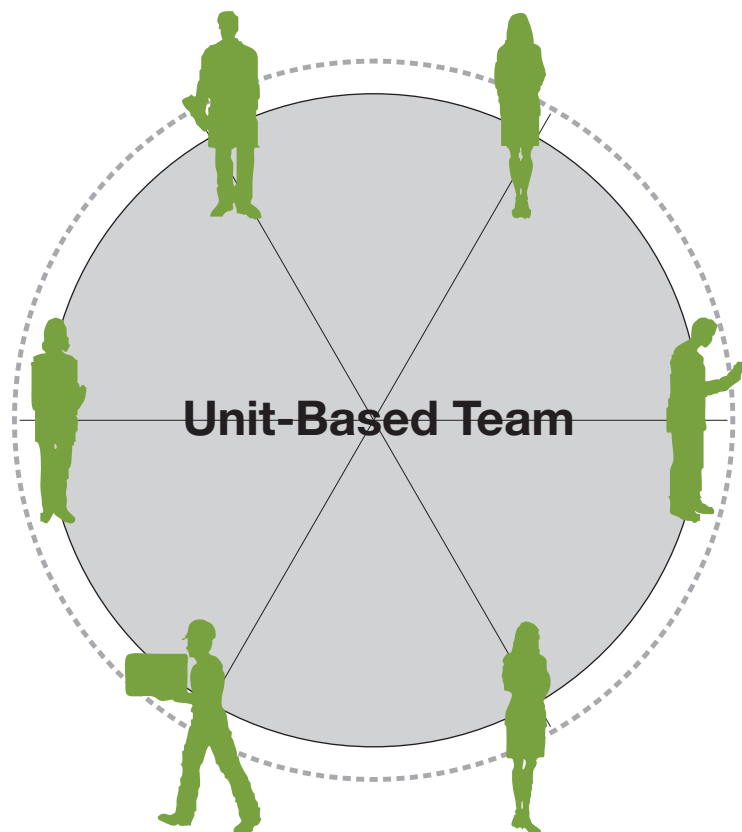
### WHAT IS A UNIT-BASED TEAM?

**PARTNERSHIP IN ACTION.** A unit-based team (UBT) is a natural, local work group made of workers, physicians and managers, who work collaboratively to solve problems and enhance quality for tangible and quantifiable results. Together they are accountable for improved performance.

By 2010, everyone at Kaiser Permanente who is represented by a coalition union—and every physician and manager who works with them—will be part of a unit-based team. UBTs will be the operational platform throughout the KP system. Performance improvement will be driven by unit-based teams who work collaboratively to solve problems and enhance quality for tangible results.

**EXAMPLE:** A small unit with a total of six team members [including physicians, providers, managers and frontline staff] engages everyone in decisions through huddles and regular staff meetings.

Team members conduct small tests of change to improve performance.





## What Can We Accomplish?

Partnership brings managers, frontline workers and physicians together to make full use of the expertise of each group and each individual. These different perspectives help to bring about solutions that address and resolve systemic issues, improving service, the quality of care and eliminating waste that drives up costs. Frontline employees, who do the job every day, are able to offer innovative solutions to the problems at hand.

Stewards are evolving into work-unit leaders. Managers are moving away from directing how work is done and into coaching and mentoring roles. Physicians are supported in providing high-quality, compassionate, patient-centered care. For members and patients, the entire care experience improves.

The team's purpose must be aligned with regional business strategy and desired outcomes for performance, service quality, efficiency and growth, and bring greater consistency and standardization to the work of KP.

By implementing the National Agreement and ensuring transformation takes place at all levels, Kaiser Permanente will be a better organization for employees and members/patients. True transformation emanates from where patients receive care—from where the work is actually done day to day.

Unit-based teams help make Kaiser Permanente a better organization by:

- » Providing high-quality care and service to patients, members and each other
- » Relentlessly focusing on improving performance of their unit and making it a great place to work
- » Role modeling transformation in all interactions every day, in service of each other, our patients and Kaiser Permanente



**“This is a game of implementation. Only 15% of the job is figuring out what to do. Making it happen—that is where the action is.”**

F. Warren McFarlan



## Partnership Benefits Everyone

When people are fully engaged in the transformation of Kaiser Permanente, possibilities become realities. More importantly, when we elevate patient-centered care from being a matter of individual effort to the basis for team decision making and performance improvement, our members benefit.

- » Employees feel a sense of pride and take ownership of their work and are committed to Kaiser Permanente and its future success
- » Patients and members receive our full attention, compassion, care and respect

Working in partnership, we will:	
[ ✓ ]	Improve the quality of health care for Kaiser Permanente members and the communities we serve
[ ✓ ]	Differentiate Kaiser Permanente in the marketplace by delivering exemplary service
[ ✓ ]	Make Kaiser Permanente the best place to work
[ ✓ ]	Expand Kaiser Permanente’s membership in current and new markets, including designation as a provider of choice for all labor organizations in the areas we serve
[ ✓ ]	Provide Kaiser Permanente employees with the maximum possible employment and income security in health care
[ ✓ ]	Involve employees and their unions in decisions
[ ✓ ]	Consult on public policy issues and jointly advocate when possible and appropriate

## A Great Place to Work

**IT'S NO SECRET.** When frontline workers, physicians and managers come together to make their work and workplace more effective, more efficient and safer, it becomes a more satisfying place to work.

A GREAT WORKPLACE		A GREAT PLACE TO WORK
Nice parking facilities and lunch	→	Good relationship with my manager/supervisor and co-workers
Company provides coffee, tea and other amenities	→	I get recognition and support from my manager/supervisor and co-workers
Nice office with a view, nice commute, nice computers, company supplies laptop	→	Use of social systems to communicate about change or meaningful work
A focus on tools, techniques and processes	→	A focus on people—for example, concern for reducing occupational injury and illness

Source: Victor Maiki, Culture Change and Service Leader, NCAL



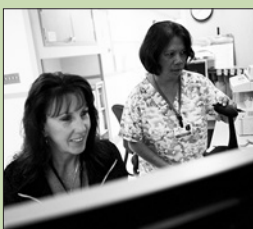
### Case Study: Achieving a New Bottom Line—Saved Lives

From: [www.LMPartnership.org/news/2008/achieving\\_a\\_bottom\\_line.html](http://www.LMPartnership.org/news/2008/achieving_a_bottom_line.html)

Internal Medicine at Skyline Medical Center in Colorado had the worst hypertension control rate in the region: 60 percent—6 points lower than the regional performance goal. The third-floor internal medicine UBT used the Plan-Do-Study-Act cycle to improve this by developing a hypertension clinic.

- » They set a goal to reach a 66 percent hypertension control rate by 2009—they accomplished this in 10 months, two months ahead of schedule.
- » As a result, 350 hypertensive patients now lead healthier lives.
- » If it maintain their current pace, the team expects that in five years the clinic will save 11 lives and more than \$500,000.

Over the next year, they want the rate to be closer to 75 percent. The key to success was a jointly crafted idea created with a shared understanding of the business.



**“ If I had just given this list of patient names to the staff, it would not have worked. This is a sharing of ideas.... There’s a sense of involvement that wasn’t there before.”**

—Sean Riley, MD, Physician UBT Co-Lead

